

## Message Text

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ACTION NEA-10

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R 101142Z SEP 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8291

CONFIDENTIAL NEW DELHI 13387

PASS TREASURY AND FRB

E.O.11652: GDS

TAGS: IBRD, PORG, IN

SUBJECT: RECENT AND IMPENDING CHANGES IN THE FINANCIAL COMMUNITY

SUMMARY: THIS CABLE GIVES A BRIEF SUMMERY OF RECENT OR  
IMPENDING CHANGES MADE IN THE MINISTRY OF FINANCE (MOF).  
RESERVE BANK OF INDIA (RBI) AND OTHER BANKING INSTITUTIONS.  
THIS INFRMATION MAY BE USEFUL IN PREPARATION FOR THE  
FUND/BANK MEETINGS. END SUMMARY.

1. MINISTRY OF FINANCE - WHILE THERE HAS BEEN A GREAT  
DEAL OF TALK OF FINANCE MINISTER SUBRAMANIAM BEING REPLACED,  
THIS HAS NOT AS YET TAKEN PLACE AND HE IS STILL VERY MUCH  
IN CHARGE. M.G. KAUL, SECRETARY, DEPARTMENT OF ECONOMIC  
AFFAIRS, WILL BE LEAVING DELHI SOME TIME AFTER THE FUND/BANK  
MEETINGS TO TAKE UP ANOTHER POST. CURRENT RUMOR IS THAT  
ADDITIONAL SECRETARY NARASIMHAM WILL REPALCE HIM, BUT  
OTHERS, SUCH AS MONMOHAN SINGH, ECONOMIC ADVISER TO MOF,  
HAVE ALSO BEEN MENTIONED.

2. RESERVE BANK OF INDIA - THE TERM OF GOVERNOR PURI  
HAS BEEN EXTENDED BY TWO MORE YEARS UNTIL AUGUST 1978.  
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HE WAS ORIGINALLY GIVEN ONLY A ONE-YEAR TERM BUT BY ALL

REPORTS HE IS DOING A GOOD JOB. DEPUTY GOVERNOR R. K. SASHADRI RETIRED IN JULY 1976. THE CURRENT DEPUTY GOVERNORS ARE DR. R.K. HAZARI, DR. K.S. (48) KRISHNASWAMY, AND R.R. NANGIA. CURRENT SPECULATION IS THAT J.C. LUTHER, AN EXECUTIVE DIRECTOR, WILL BECOME THE FOURTH DEPUTY GOVERNOR FILLING THE VACANCY LEFT BY MR. SASHARDRI.

3. OTHER BANKING INSTITUTIONS- EARLY THIS YEAR THE INDUSTRIAL DEVELOPMENT BANK (IDBI) BECOME INDEPENDENT FROM THE RBI AND RAGHU RAJ BECAME ITS CHAIRMAN AND MANAGING DIRECTOR. IT HAS BEEN NOTED THAT RAGHU RAJ, FORMERLY HEAD OF UNION BANK OF INDIA, IS A COMMERCIAL BANKER AND A CLOSE FRIEND OF GOVERNOR PURI, A FELLOW PUNJABI. THE OTHER MOST SIGNIFICANT CHANGE HAS BEEN THE REPLACEMENT OF R.K. TALWAR BY T.R. VARADACHARY AS HEAD OF STATE BANK OF INDIA. RUMOR HAS IT TALWAR'S DISMISSAL WAS POLITICAL DUE TO HIS OPPOSITION TO SOME GOI POLICIES. VARADACHARY IS WELL-KNOWN IN BANKING CIRCLES AND HAS BEEN WITH SBI SINCE 1943 AND BECAME GENERAL MANAGER IN 1969.

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